SETTING UP HEALTH INSURANCE (PR-ADM-7)

NOVEMBER 2002

VERSION (6.0)

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SETTING UP HEALTH INSURANCE

OVERVIEW

Preparations must be made in several MUNIS components to enable the Health Insurance System to function. Below is a checklist of items that must be accomplished before employees are entered in the Health Insurance System. Instructions for each item follow.

Note   This document has not been updated to reflect MUNIS GUI screens.

CHECKLIST FOR MUNIS HEALTH INSURANCE SETUPte

☐   1.   Verify the District Number in the System Control Table.

☐   2.   Add vendor records for flexible spending and health insurance carriers.

☐   3.   Prepare Health Insurance Master Deduction Numbers.

☐   4.   Verify the Primary Pay Frequency on the Employee Master file.

☐   5.   Prepare Default Information in the MUNIS Health Insurance System.

   a)   Update the Health Insurance Parameter Table.

   b)   Enter Health Insurance Master Deduction Numbers in the Insurance Rate Table.

NOTE: *See APPENDIX A: Health Insurance Paid by the Board for instructions on setting up board-paid health insurance.*

VERIFYING THE DISTRICT NUMBER IN THE MUNIS SYSTEM CONTROL TABLE

The District Number is contained in the monthly remittance files sent to the Division of School Finance. Before using the Health Insurance Enrollment System, verify the accuracy of the **District Number** in MUNIS. Refer to the *MUNIS System Administration (MSA-1)* document in the *MUNIS User Procedures Guide* for more information.

ADDING VENDOR RECORDS

All districts must create a vendor record for the flexible spending vendor. Districts that issue health insurance checks from MUNIS must also create vendor records for all health insurance providers used by district employees. Since the vendor number is entered on the Master Deduction Record, it must be created before creating Master Deductions. The flexible spending account vendor must also be created prior to adding any Employee Health Insurance records. See the *Setting Up Vendor Records* document in the *MUNIS Accounts Payable User Guide* for instructions on adding new vendors.

NOTE: *When entering the Flexible Spending Plan Vendor, use the Vendor number assigned by the Division of Finance.*

The Division of Finance assigns the Flexible Spending Vendor Number that the district is to use. If the vendor number assigned for your flexible spending account is already in use, you will need to make that number available for your flexible spending account.

Freeing up a vendor number to use for the flexible spending account is a three-step process. The steps are:

1. Creating a new vendor record.

2. Merging the existing vendor history into that new record.

3. Adding a new vendor record using the assigned flexible spending vendor number (the number that was previously in use).

The *Setting Up Vendor Records* document in the *MUNIS Accounts Payable User Guide* contains instructions for all three of these steps.

NOTE: *These vendor numbers will be needed when entering master deduction records and when entering information into the MUNIS Health Insurance System.*

PREPARING HEALTH INSURANCE MASTER DEDUCTION NUMBERS

Before using the MUNIS Health Insurance System, master deduction numbers must be confirmed or added for each health insurance provider used by the district. **Each health insurance provider should have a unique deduction number.** If a deduction for a particular provider will be both pre-tax and post-tax, two deduction numbers should be assigned (in different ranges with different exceptions), but the same vendor number would be used.

Critical: *Any modifications to existing master deduction records or employee deduction records should not take place until the last payroll to use them has been completed. Master deductions must be created prior to creating the new employee deductions for the new plan year.*

Reviewing Current Master Deduction Records

Master deduction numbers must be in place for the health insurance providers that are used in the district. Some existing master deduction records may be reused, and new deduction records may need to be added.

First, identify the health insurance provider master deduction numbers currently in use. (A listing of deduction numbers will be useful in performing this and later tasks when preparing MUNIS to process health insurance deductions.) Then, review the existing MUNIS **Deduction/Benefit Master records** to determine which health insurance provider deduction numbers, if any, will be reused. See the *Setting Up Deductions* document for instructions on printing a list of master deduction records.

Critical: *Do NOT remove deduction records from the Deduction/Benefit Master table. The reference to this deduction number and description is used in several instances within MUNIS for historical purposes.*

Adding New Master Deduction Records

If it is necessary for your district to create new master deduction numbers for new health insurance providers, ensure that pre-tax and post-tax deduction numbers fall within the correct ranges in the payroll exceptions table.

To Review the Payroll Exceptions Table, Select:

B) PAYROLL & PERSONNEL

    A) Auxiliary Programs

        Q) Payroll Exceptions Table

OR, Select **X=Exceptions** from the Deduction/Benefit File Maintenance screen Ring Menu.

1. Select **Browse**.

The following screen is displayed:

```
Session     Edit    Commands    Settings    Help
────────────────────────────────────────────────────────────────────
───────────────────── PAYROLL EXCEPTIONS TABLE ──────────────────────
Action:   Find   Next   Prev   Browse   Add   Update   Del   Output   Exit   ...
Display a list of selected data items.

 Action:     Next    Prev    Output    Exit
 Display next browse page.
 ====================================================================
      Code      Processing Code                          From    Thru
      ----      ----------------------------------       ----    ----
 1    1000      NO DEDUCTIONS ARE EXEMPTED EXCEPT        2400    2799
 2    1000      NO DEDUCTIONS ARE EXEMPTED EXCEPT        7000    7499
 3    1100      NO DEDUCTIONS ARE EXEMPTED EXCEPT        2400    2799
 4    1100      NO DEDUCTIONS ARE EXEMPTED EXCEPT        7000    7499
 5    3000      NO DEDUCTIONS ARE EXEMPTED EXCEPT        2400    2790
 6    3000      NO DEDUCTIONS ARE EXEMPTED EXCEPT        7000    7499
 7    4000      NO DEDUCTIONS ARE EXEMPTED EXCEPT        2400    2790
 8    4000      NO DEDUCTIONS ARE EXEMPTED EXCEPT        7000    7499
 9    5010      NO DEDUCTIONS ARE EXEMPTED EXCEPT        2400    2790
 0    5010      NO DEDUCTIONS ARE EXEMPTED EXCEPT        7000    7499
```

2. Select **Output**. **Review** online or **Print**.

- In the Payroll Exceptions Table shown above, health care deduction numbers within the range 2400-2799 would be exempted from FICA, Medicare, Federal, State and Local Income Tax.

- A different range, based on the exceptions table, would be used for deductions that should be post-tax.

- Refer to the listing of Master Deduction records to find available deduction numbers within the appropriate exception ranges.

3. Once available deduction numbers have been identified, add the new master deduction records.

To Add New Master Deductions

1. Follow the procedures for adding new master deductions as described in the ***Setting Up Deductions*** document. Pay particular attention to the fields listed below:

Field Name	Data
Deduction Code	Enter the available deduction number identified earlier.
Descriptions	Enter long and short descriptions of the deduction.
Insufficiency Code	Enter **M**.
Calc Code	Enter **22**. **NOTE:** *The Calc Code must be 22 to allow the MUNIS Health Insurance System to work properly.*
Employee/Employer	Enter appropriate code: **1** = Paid by employee only, **2** = Paid by employer only, **3** = Paid by both employee and employer.
Expense Org/Obj	If part or all of the insurance is **employer** paid, enter the expense object code as determined by the Finance Officer or Board.
W/H Org/Obj	Enter the Object code.

2. If vendor checks are being processed as part of payroll, enter **B** in the **Check Type** field, and enter the **Vendor Number** created for the carrier.

3. On the second screen, pay particular attention to the **Weekly Cycle**, **Bi-Weekly Cycle,** and **Semi-Monthly Cycle** fields. These fields refer to the payroll cycles a district may follow. Enter a **Y** or an **N** to indicate the standard time(s) in each payroll cycle that this health insurance deduction should be taken.

For example, if a health insurance deduction should be taken only once a month for employees on a semi-monthly pay cycle, enter a Y and an N in the Semi-Monthly Cycle field to have the deduction taken from the first payroll of the month but not the second (or vice versa).
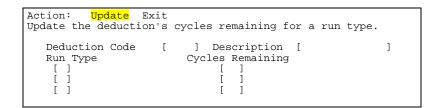
4. Press **ESC** to add the record.

5. The master deduction record for each health insurance vendor used by employees who make escrow contributions must be updated to permit escrow processing within MUNIS.

To set up this deduction to permit escrow processing, follow these steps:

a) Select **Z=Escrow** from the Ring Menu.

The following screen will display:

```
Action:    Update   Exit
Update the deduction's cycles remaining for a run type.

   Deduction Code    [    ]  Description  [              ]
   Run Type                 Cycles Remaining
    [  ]                        [   ]
    [  ]                        [   ]
    [  ]                        [   ]
```

b) Select **Update** from the Ring Menu.

c) Enter the standard number of pay periods for each of the three run types for the master deduction record being updated. You may only wish to enter the standard Run Type (i.e., 1) which will be used for regular payrolls. Below is a description of each field.

Field	Description
Deduction Code & Description	The code and description for the Master Deduction from screen 1 display in these fields.
Run Type	The Run Type entered must be an existing Payroll Run Type. Press <CTRL><W> for lookup and select a Run Type.
Cycles Remaining	Enter the number of deduction cycles remaining for a regular employee who works full-time year round.

NOTE: *The calc code for the master deduction record must be "22" on screen 1.*

d) Press **ESC** to save the escrow information.

e) Select **Exit** from the Ring Menu to exit from the Escrow screen.

6. Repeat this procedure until all health insurance master deductions have been added.

Reusing Existing Master Deduction Records

If a health insurance provider for the new plan year already has a master deduction record in MUNIS, it may be updated and reused.

Warning: *Do Not Update any existing Deduction Records until all payrolls have been completed for the existing deduction. However, you may Add deductions at any time.*

To Update Existing Master Deductions In MUNIS, Select:

B) PAYROLL & PERSONNEL

    A) Auxiliary Programs

        H) Deduction/Benefit Master

1. Select **Find** and enter criteria to retrieve the provider's deduction record.

2. Select **Update** from the Ring Menu.

3. Enter **22** in the **Calc Code** field.

NOTE: *The Calc Code must be 22 in order for the Health Insurance System to work properly.*

4. Enter one of the following options in the **Employee/Employer** field:

Option	Definition
1	Employee
2	Employer
3	Employee **and** Employer

5. Press **ESC** to update the record.

After the necessary master deductions have been added or updated, produce a list of the numbers to use later when entering information into the Health Insurance Rate Table. (Refer to the document titled *Setting Up Deductions* for instructions on producing the list.)

VERIFYING THE PRIMARY PAY FREQUENCY ON THE EMPLOYEE MASTER

Primary Pay Frequency is a field on the Employee Master record that indicates the normal payroll cycle for the employee. The payroll cycle may be monthly, semi-monthly, weekly, bi-weekly, annual, semi-annual, or quarterly. Districts choose the cycle(s) they wish to follow, and the payroll cycles may vary among different groups of employees within a district.

The accuracy of the employee's Primary Pay Frequency is critical to the processing of the Health Insurance System. In conjunction with other system data, it determines how a health insurance payroll deduction is calculated. **An error in this field could lead to a health insurance deduction being significantly overpaid or underpaid.**

Before using the MUNIS Health Insurance System, each employee's master record should be reviewed to verify that the **Primary Pay Frequency** is accurate. Refer to *Maintaining Employee Master File Records* in the *Regular Payroll Processing* section.

PREPARING DEFAULT INFORMATION IN THE MUNIS HEALTH INSURANCE SYSTEM

The MUNIS Health Insurance System has several tables that contain default information that is critical to the functioning of the system. These tables must be populated with the appropriate data before health insurance processing can begin. The County Verification Table has already been loaded with information on the health plans available in each county. (See *APPENDIX B: Referencing The County Verification Table*.)

Instructions for entering or reviewing the data in each of the remaining tables are listed in the follow sections. As of Fiscal Year 2002, the calendar year is denoted in the county table.

Updating the Health Insurance Parameters Table

The parameters table in the MUNIS Health Insurance System maintains certain default information that will be used on all or most health insurance records in the district. Update the external (state-contributed) and employer (district-funded) premiums if those have changed for the new enrollment year. If the majority of employees in the district escrow, you may choose to set the fields on the parameter file so that limited modification will be necessary on each employee screen. However, if most employees do not escrow, it is recommended that the parameter file be populated with standard, full-year values.

Note: *Updating any field in this table will not automatically update existing Health Insurance Enrollment Maintenance records.*

To Update the MUNIS Health Insurance Parameters Table With Defaults, Select:

B) PAYROLL & PERSONNEL

    F) Retirement & State Specific

        B) State of Kentucky

            I) Kentucky Health Insurance

                A) Health Insurance Parameters

The following screen is displayed:

```
Session    Edit    Commands    Settings    Help
─────────────────────────────────────────────────────────────
─────────────── HEALTH INSURANCE PARAMETER FILE ───────────────
Action:    Update   Output   Exit
Update the current data item.

    Months of Coverage         [12]

    Number of Deduction Cycles [24]

    External Premium           [ XXX.XX]

    Employer Premium           [   0.00]

    Flex Spending Vendor       [   801]   AMERICAN FIDELITY

    Cycles Per Month           [2]

    Liquidation Cycles         [24]

    Flex Calculate Amount      [ 234.00]
```

1. Select **Update** from the Ring Menu.

2. Enter the following parameters:

Field Name	Data
Months of Coverage	Enter the standard months of coverage for your district.
Number of Deduction Cycles	Enter the number of payroll cycles in which deductions will be taken.
	If the majority of employees in the district escrow, enter the total number of cycles for which the escrowed employees will be paid. For example, in a monthly payroll district, an employee who does not work in July and August would have 10 deduction cycles, since they would not work for 2 payrolls.
External Premium	This should reflect the state contribution toward the premium.
	WARNING: **Do not update the new External Premium (State Contribution) until after the last Remittance File of the current calendar year**

Field Name	Data
	has been generated and sent to the Division of School Finance.
Employer Premium	Enter any amount contributed by the district to health insurance premiums.
Flex Spending Vendor	Enter the vendor number assigned by the Division of Finance to the flexible spending account.
Cycles Per Month	Enter the number of health insurance payroll deduction cycles per month that applies to most employees.
Liquidation Cycles	If you do not escrow, skip this field. If the majority of employees in the district escrow, enter the number of cycles remaining until liquidation of escrow begins for employees paid less than 12 months a year. This is the number of cycles until the employees first need their escrow to pay for their health insurance. In the example given in the **Number of Deduction Cycles** field, if an employee started withholding in December, there would be 7 months (1 payroll in each month for a total of 7 cycles) until liquidation begins.
Flex Calculate Amount	Enter the amount that will be used to calculate employee's **Flex Spending** contribution. WARNING: **Do not update to the new Flex Calculate Amount until after the last Remittance File of the current calendar year has been generated and sent to the Division of School Finance.**

3. Press **ESC** to update the record.
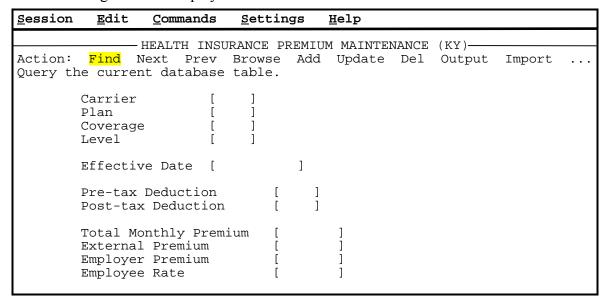
Updating the Insurance Rate Table

The Insurance Rate Table is populated with all of the necessary information, annually. Since deduction numbers and employer premiums are not uniform statewide, the master deduction numbers for health insurance premiums must be reviewed and entered into the Insurance Rate Table, if changes are needed.

WARNING: **Due to the different state contributions, the use of the ring menu option *Mass-Update* is not recommended.**

To Update the Insurance Rate Table, Select:

B) PAYROLL & PERSONNEL

    F) Retirement & State Specific

        B) State of Kentucky

            I)   Kentucky Health Insurance

                C) Insurance Rate Table

The following screen is displayed:

```
Session    Edit    Commands    Settings    Help

─────────────── HEALTH INSURANCE PREMIUM MAINTENANCE (KY)───────────
Action:  Find  Next  Prev  Browse  Add  Update  Del  Output   Import   ...
Query the current database table.

        Carrier         [    ]
        Plan            [    ]
        Coverage        [    ]
        Level           [    ]

        Effective Date  [        ]

        Pre-tax Deduction       [    ]
        Post-tax Deduction      [    ]

        Total Monthly Premium   [       ]
        External Premium        [       ]
        Employer Premium        [       ]
        Employee Rate           [       ]
```

1. Select **Find** from the Ring Menu to find a specific carrier (e.g., enter a carrier code). See *APPENDIX C: Carrier, Plan, And Coverage Codes* for a list of codes.

2. Press **ESC** to find the record(s).

3. Select **Update** from the Ring Menu.

4. Enter the **Pre-tax** and/or **Post-tax Deduction numbers** as appropriate. At least one of these must be populated on an update. The remaining information on this screen was imported into the table and should already be up-to-date and accurate.

5. Press **ESC** to update the record.

NOTE: *The deduction number(s) must be entered for each record associated with a carrier (e.g., for each carrier plan).*

6. To print the selected records for later reference, select **Output** from the Ring Menu.

NOTE: *Review the carriers for your county to verify that a deduction number has been added for each one.*

7. Choose the desired sort order as shown below. Select **Print**.

```
Please enter the sort order.

  A - Sort by Carrier
  B - Sort by Plan
  C - Sort by Coverage
  D - Sort by Level
  E - Exit (Return to Menu)
```

The output from the Insurance Rate Table will be useful when entering employee information in the MUNIS Health Insurance System.

APPENDIX A: Health Insurance Paid by the Board

When the school board pays for the health insurance of the superintendent or other employee, health insurance information must be set up as follows to allow the employee to be reimbursed.

To Set Up Board-Paid Health Insurance

1. **Verify** that a post-tax deduction for the health insurance carrier has been established and entered on the Insurance Rate Table. Employees with board-paid health insurance must have post-tax health insurance deductions. (See *Reviewing Current Master Deduction Records*, page 3, and *Entering Deduction Numbers in the Insurance Rate Table,* page 13.)

2. **Create** a pay type for insurance reimbursement for this employee. (See the *Setting Up Pay Type Codes* document.)

3. **Exclude** this pay type from all deductions, including health insurance. This means that an exception record must be set up for all deductions for this pay type, including health insurance. Use a **Processing Code** of **1** for "All pay types are included except." (See the document *Setting Up Deductions*.)

4. **Create** a recurring pay record for the employee with a period amount equal to the normal per check amount for their health insurance. This will reimburse the employee for the health insurance paid by the Board. There will not be any undeserved tax benefit and the information will flow into the remittance file as it would for anyone else. (See *Maintaining Employee Recurring Pay File Records* in the *Regular Payroll Processing* section.)

APPENDIX B: Referencing the County Verification Table

The MUNIS Health Insurance System contains a County Verification table that is populated with data showing the health insurance plans available to each county. This information is used within MUNIS to ensure that employees are enrolled in health plans available to them in either their county of employment or residence.

To Reference and Output Information in the County Verification Table, Select:

B) PAYROLL & PERSONNEL

    F) Retirement & State Specific

        B) State of Kentucky

            I) Kentucky Health Insurance

                B) County Verification Table

The following screen is displayed. The Calendar Year Field was added in the Spring of 2002.

```
                  CNTY HLTH INSURANCE COVERAGE MAINTENANCE
Action:     Find  Next  Prev  Browse  Add  Del  Output   Import   Exit
Query the current database.
                 Year       [    ]

                 County    [    ]

                 Carrier   [     ]

                 Plan      [     ]
```

1. Select **Find** from the Ring Menu to find the desired county.

2. Press **ESC** to find the record(s).

3. Select **Output** from the Ring Menu to create a hard copy report. The following screen appears:

```
    Please choose a sort option for the output.

    A - Order by County
    B - Order by Carrier
    E - Exit

                        [E]
```

4. Choose the sort option and **Print**.

APPENDIX C: Carrier, Plan, and Coverage Codes

Carrier Codes:

Code	Short Description	Long Description
09F	BLUEGRASS	BLUEGRASS FAMILY HEALTH This code is used for employees who can choose the BLUEGRASS FAMILY HEALTH option receiving a state contribution of **$269.44.**
09G	BLUEGRASS	BLUEGRASS FAMILY HEALTH This code is used for employees who can choose the BLUEGRASS FAMILY HEALTH option receiving a state contribution of **$278.76.**
09H	BLUEGRASS	BLUEGRASS FAMILY HEALTH This code is used for employees who can choose the BLUEGRASS FAMILY HEALTH option receiving a state contribution of **$292.00.**
10F	CHA HEALTH	CHA HEALTH This code is used for employees who can choose the CHA HEALTH option receiving a state contribution of **$269.44.**
14F	HUMANA PPO	HUMANA PPO/EPO This code is used for employees who can choose the HUMANA PPO/EPO option receiving a state contribution of $**269.44.**
14G	HUMANA PPO	HUMANA PPO/EPO This code is used for employees who can choose the HUMANA PPO/EPO option receiving a state contribution of **$278.76.**
14H	HUMANA PPO	HUMANA PPO/EPO This code is used for employees who can choose the HUMANA PPO/EPO option receiving a state contribution of **$292.00**.
15F	HUMANA HMO	HUMANA HMO This code is used for employees who can choose the HUMANA HMO option receiving a state contribution of **$269.44.**
15G	HUMANA HMO	HUMANA HMO This code is used for employees who can choose the HUMANA HMO option receiving a state contribution of **$278.76.**
15H	HUMANA HMO	HUMANA HMO This code is used for employees who can choose the HUMANA HMO option receiving a state contribution of **$292.00.**
16F	HUMANA POS	HUMANA POS This code is used for employees who can choose the HUMANA POS option receiving a state contribution of

		$269.44.
16G	HUMANA POS	HUMANA POS This code is used for employees who can choose the HUMANA POS option receiving a state contribution of **$278.76.**
16H	HUMANA POS	HUMANA POS This code is used for employees who can choose the HUMANA POS option receiving a state contribution of **$292.00.**
33F	ANTH BC/BS	ANTHEM BC/BS This code is used for employees who can choose the ANTHEM option receiving a state contribution of **$278.76.**
33G	ANTH BC/BS	ANTHEM BC/BS This code is used for employees who can choose ANTHEM option receiving a state contribution of **$292.00.**
33H	ANTH BC/BS	ANTHEM BC/BS This code is used for employees who can choose ANTHEM option receiving a state contribution of **$397.08.**

Coverage:

Code	Short Description	Long Description
1	SINGLE	SINGLE
2	COUPLE	COUPLE
4	PARENT PLU	PARENT PLUS
5	FAMILY	FAMILY

Plan Type:

Code	Short Description	Long Description
1	HMO	HMO
2	POS	POS
3	PPO	PPO
5	EPO	EPO